



Foreign Agricultural Service

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Korea

Agricultural Situation

The Korean Market for U.S. Agricultural Products

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Report Highlights:

With 11 months of data recorded for 1999, U.S. agricultural, forestry and fishery product exports showed a healthy rebound. Leading the U.S. charge back into the Korean market are forestry products (+99 percent), fishery and seafood products (+96 percent), and consumer-oriented agricultural products (+83 percent). Fishery and seafood product exports have already established a new record while the pace of consumer-oriented product imports should place it second only to the record established in 1997.

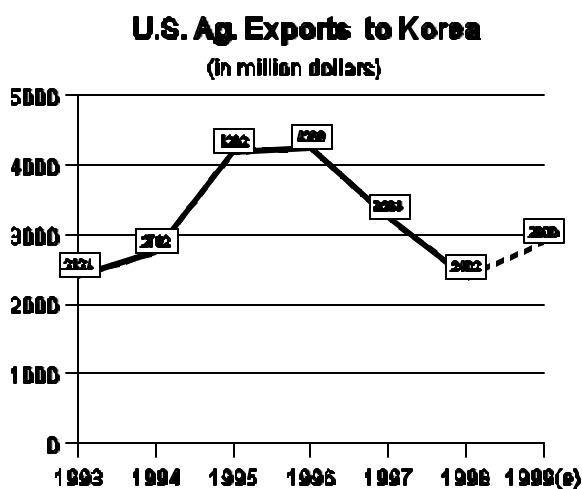
In the year 2000, Korean consumers' bullish view on the strength of the economic recovery (the IMF forecasts economic growth at 5-6 percent) coupled with pent-up demand, should enhance further consumer spending at levels exceeding that witnessed in 1999. This in turn should lure U.S. suppliers of agricultural commodities back to the Korean market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul[KS1], KS

The Korean Market for U.S. Agriculture

IMPORTANCE

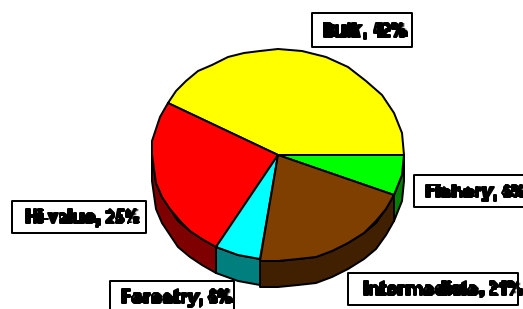
- C Korea is the world's 13th largest trading partner.
- C Korea depends on imports for about 70% of food consumption.
- Korea is the 4th largest U.S. export market for agricultural, fishery and forestry products, at \$2.4 billion in CY 1998.
- Korea shows the fastest rebound in U.S. exports from last year among the top 10 U.S. agricultural markets in 1999.
- U.S. exports to Korea for 1999 are estimated to climb 21 percent above the 1998 level. The fast recovering economy, stability of the local currency, and growing consumer confidence on food consumption are expected to push up import demand.



Source: U.S. Bureau of the Census Trade Data (FOB basis)

Note: (e) estimate

Composition of U.S. Ag. Exports to Korea
(CY 1998)



Source: U.S. Bureau of the Census Trade Data

POTENTIAL

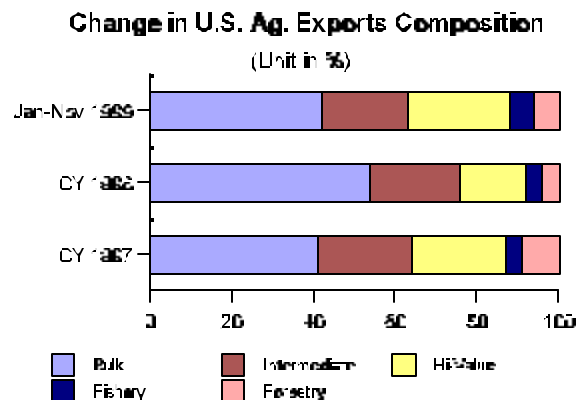
- C Domestic food supply is shrinking
 - S Number of farms is projected to drop to 1.1 million in 2004 from 1.4 million in 1998.
 - S Cultivated area is projected to drop to 1.8 million hectares in 2004, from 1.9 million in 1998.
- C Food demand is expanding
 - S 46 million people packed into a land area the size of Indiana State.
 - S Per capita income is increasing.
 - S Consumers eating habits shifting away from rice to meat, fruits and vegetables.
 - S More women in the work force, changing life-style with emphasis on convenience.

AGRICULTURAL IMPORT SITUATION IN CY 1998 AND CY 1999

C Korea's imports of agriculture, fishery and forestry products from worldwide in CY 1998 totaled \$8.9 billion, down 38% from \$14.3 billion in 1997. This was due to contracted consumption caused by the economic slump and local currency devaluation. However, as of November 1999, Korea showed a 25-percent growth in imports of agriculture, fishery and forestry products worldwide. For the year to date, the largest gains in import value are fish, meat, and wood products.

C U.S. exports to Korea totaled \$2.4 billion for CY 1998, down 26 percent from a year earlier. In 1999, U.S. exports are estimated to rebound to \$2.9 billion.

C The pattern of U.S. agricultural trade to Korea changed in 1998 due to a steep decline in exports of consumer products. January - November 1999 exports show a decline in bulk commodities due to lower unit value, while exports of consumer-oriented products show a rapid increase, as the Korean economy improves.

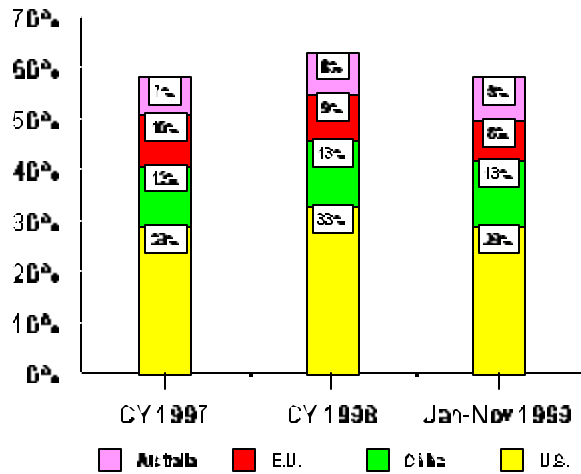


Source: U.S. Bureau of the Census Trade Data (FOB basis)

C U.S. market share in 1998 improved to 33% from 29% a year earlier. This was mainly due to the GSM-102 Program which provided trade financing for a wide range of U.S. farm and food products. January through November 1999, U.S. market share is shrinking to the level of 1997 as Korean importers return to traditional suppliers.



Change in Market Share by Major Competitors



Change in U.S. Market Share for GSM-102 Eligible Commodities

Commodity	CY1997	CY1998	1999 1/
Meat	46%	47%	47%
Horticulture	38%	47%	30%
Corn	53%	58%	83%
Soymeal	0%	35%	0%
Soybeans	83%	96%	89%
Wheat	49%	36%	38%
Cotton	47%	57%	20%
Hides & skins	78%	84%	88%
Wood	14%	13%	13%
TOTAL	41%	49%	44%

Note 1/ Based on Jan-Nov 1999 data

Source: Korea Trade Information Services